

REMARKS

Claims 1-3, 5-22, 24-34, 26-57 and 59-66 are pending in the application. By this paper, claims 1, 2, 5, 20, 21, 24, 32, 40, 55 and 59 have been amended and claims 4, 23, 35 and 58 have been cancelled. Reconsideration and allowance of claims 1-3, 5-22, 24-34, 26-57 and 59-66 are respectfully requested.

Prior Art Rejection

Claims 1-66 stand rejected under 35 U.S.C. § 102(e) as being anticipated by US patent number 6,629,082 to Hambrecht, et al. ("Hambrecht"). This rejection is respectfully traversed.

Introduction

The present invention relates generally to an improved method and apparatus for distribution of financial instruments. The invention of claims 1-66 allows the process of distributing the financial instruments to be expedited by reducing time delays built in the conventional process. These time delays involve negotiation of terms by the issuer and an underwriter. These time delays can frustrate the issuer's business objectives and even result in cancelling the offering because the market changes during the negotiation period. The invention of claims 1-66 further improves the distribution process by increasing access to market information about what terms the proposed securities will require for market acceptance (paras. [0007] – [0008] of US patent publication no. US 2002/0091621 A1).

Toward these ends, an issuer of a financial instrument such as a security uses relevant market data to **model initial** financial parameters for the financial instrument. The modeling is based in part on actual market data relevant to the financial instrument. The modeled financial parameters are communicated to an underwriter and relate to a proposed offering of the financial instrument by the issuer. In accordance with one aspect of the invention, an agreement between the issuer and an underwriter is reached

and *final* financial parameter data is determined for the financial instrument. Other unique aspects of the distribution process are also claimed.

Hambrecht fails to disclose modeling initial parameters of a financial instrument based on market data and marketing data on at least one previous transaction of a previous financial instrument similar to the proposed financial instrument having the initial parameter data.

Claim 1 has been amended to recite modeling of the initial parameters of a financial instrument based on marketing data on at least one previous transaction of a previous financial instrument similar to the proposed financial instrument having the initial parameter data. Hambrecht fails to include such a feature. Hambrecht does not use information based on a previous transaction of a similar previous financial instrument. Instead, Hambrecht uses auction information for the currently offered security to determine the price at which a security is sold. An auction involves the submission of bids by investors (Hambrecht col. 3, lines 29-55). A bid is merely an offer to purchase, not a completed transaction. Accordingly, claim 1 recites limitations not included in Hambrecht.

Further, Hambrecht does not model data as recited by claim 1. Rather, Hambrecht collects bids from investors in an auction and uses the bids to set a clearing price for the offered securities (col. 6, lines 4-8). A bid price which will sell all the securities being offered is simply selected as the clearing price (col. 3, lines 59-64). This is merely aggregation of data submitted by bidders and drawing a line at a price which sells the entire inventory. Bids above the line (the clearing price) are accepted; bids below the line are not accepted. This simple auction process is not modeling initial parameters based on market data and marketing data from at least one previous transaction.

Moreover, the invention defined by claim 1 is in no way obvious in light of Hambrecht. As noted above, the presently-claimed invention is directed to reducing time delays in the process of distributing a financial instrument. Toward that end, the claimed invention uses market data from at least one previous transaction with a previous, similar financial instrument. This market data is necessarily relevant and,

importantly, is readily available since it is based on previous activity. In contrast, Hambrecht proposes an auction involving an indeterminate number of investors making bids on a currently-offered product. Communicating information about the auction and the product, allowing potential bidders to assess the product and collecting and processing the bids necessarily adds delay to the process, in complete contravention to an important goal of the invention. Accordingly, the invention of claim 1 cannot be considered to be obvious in light of the prior art of record including Hambrecht.

Independent claims 20, 32 and 55 have been amended in a fashion similar to the amendments to claim 1 in order to clarify the unique features of these other independent claims. It is submitted that, as amended, each of these other independent claims recites subject matter novel and unobvious with respect to Hambrecht. Withdrawal of the rejection of claims 1-3, 5-22, 24-34, 26-57 and 59-66 is respectfully requested.

Other claimed and patentable subject matter

In addition to the allowable subject matter noted above in independent claims 1, 20, 32 and 55, other dependent claims recite subject matter which is nowhere shown, described or suggested in Hambrecht. For example, claim 21 recites “a legal compliance module arranged to generate a regulatory filing on the offering of the proposed financial instrument for submission to a securities regulation.” Further, claim 28 recites “user interface of the issuer terminal supports reviewing the generated regulatory filing and transmission of the regulatory filing by the issuer to a regulatory system.” The dependency of claim 28 is corrected herein. Claim 56 recites a similar legal compliance module. Hambrecht fails to disclose such a module.

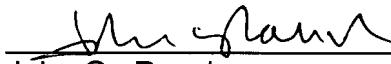
Further, claims 10, 11, 27, 46 and 62 recite processing a posting document. Hambrecht fails to disclose a posting document as recited in claims 1-3, 5-22, 24-34, 26-57 and 59-66, much less processing a posting document by posting the posting document on an electronic bulletin board accessible to issue and underwriter (claims 10, 27, 46, 62) or origination of the posting document by the underwriter in an electronic format accessible to the issuer in a communications network.

Application no. 09/896,760
Amendment dated: May 25, 2007
Reply to office action dated: November 30, 2006

Accordingly, in addition to the reasons given above for the pending independent claims, dependent claims recite patentable subject matter as well. Reconsideration of the dependent claims and allowance of the application are respectfully requested.

With this response, the application is believed to be in condition for allowance. Should the examiner deem a telephone conference to be of assistance in advancing the application to allowance, the examiner is invited to call the undersigned attorney at the telephone number below.

Respectfully submitted,


John G. Rauch
Registration No. 37,218
Attorney for Applicant

May 25, 2007
BRINKS HOFER GILSON & LIONE
P.O. BOX 10395
CHICAGO, ILLINOIS 60610
(312) 321-4200